

FISCAL NOTE
HB 8 - SB 13
FIRST EXTRAORDINARY SESSION

April 12, 1999

SUMMARY OF BILL: Deletes sales tax exemptions outlined in Title 67, Chapter 6, Part 3. The following exemptions would be deleted: agricultural products, aircraft parts and supplies, automobiles purchased by armed forces personnel stationed on bases located in Tennessee, blood and plasma, demonstration and display property, transfer of automobiles as a result of divorce, energy or resource recovery facilities, rental from films, transcriptions and recordings, sales by non profit organizations at gun shows, construction machinery transferred between parent and subsidiary corporations, insulin, interstate commerce repair services, medical equipment and devices for handicapped persons, optometrists, opticians and ophthalmologists, ostomy products, pharmaceutical samples - free drugs and materials, prescription drugs, railroad stock - vessels and barges - railroad rolling stock, religious educational and charitable institutions, replacement parts or goods, telephone cooperatives, vessels, repair of vessels and barges, watershed districts, amusement tax exemptions, transfers by dealers in personal property of motor vehicles used by common carriers, utilities electric cooperatives and electric membership corporations, taxidermists, energy for residential use, dentists, used factory-manufactured structures, sales paid for with food stamps, sales paid for with vouchers from special supplemental food program for women infants and children, products sold to or used by structural metal fabricators, railroad track materials and locomotive radiators, telecommunications services, certain motor vehicles, cooperative direct mail advertising, boats motorboats and other vessels, pollution control credit, helicopters and aircraft used by nonprofit groups for medical transport, used clothing, petroleum products sold to air common carriers for flights outside the United States, services rendered between parent corporations and wholly-owned subsidiaries, legend drugs used by veterinarians, pharmacies and home health care providers, adaptive equipment for motor vehicles provided for disabled veterans, design professionals' sketches, drawings and models, credit for fire protection sprinkler contractors. The bill would take effect upon becoming law.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Exceeds \$1,000,000,000

Increase State Expenditures - \$190,900 One-Time

Increase Local Govt. Revenues - Exceeds \$275,000,000

Estimates assume:

- the total amount of increased revenue that would be generated is unable to be determined but can be estimated to exceed \$1,000,000,000 in state revenues and \$275,000,000 in local government revenues.
- a one-time increase in state expenditures totaling \$190,900, of which \$127,000 is for MIS system implementation costs and \$63,900 is for mailing notices to advise all sales tax accounts of changes in the law.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive, flowing style with a large initial 'J' and 'D'.

James A. Davenport, Executive Director